



As part of September's Life Insurance Awareness Month, the District of Columbia Department of Insurance, Securities and Banking brings age-relevant tips to help consumers considering life insurance. For more information, visit its Web site at www.disb.dc.gov.

Volume 1



TO INSURE U, START AS A YOUNG SINGLE



LIFE STAGE COURSES

Life Insurance Tips for Young Singles (Life 101)

As a young single you may be without parental support for the first time. You may be away from home as a student or an employee. It is important to understand the long-term and financial implications left by the insurance decisions you make.

There are differing opinions about buying life insurance as a young single since you are unlikely to support individuals whose livelihood is dependent on your income. While buying a policy early in your life will provide you with better deals and potentially guarantee your insurability, some experts doubt that individuals need life insurance at a young age when they typically don't have dependents.

As a young single, however, you should consider your options and make a choice based on your finances, health and other circumstances. It always makes sense to start thinking about life insurance early to make the most educated decision.

- When choosing life insurance, permanent and term policies are the two major options. If you are a young professional, earning a good salary, can afford higher premiums and looking for a savings component, you may want to invest in permanent insurance, such as a whole life policy, which builds cash value and pays a death benefit. On the other hand, a term life policy, which offers death benefit protection for a specified time, is less expensive for young people who are still working out their finances and just want to leave something for their loved ones in the event of their death. Term life is typically less expensive in younger years than permanent life, which covers you for your entire life and typically has level premiums. If you can't afford whole life insurance right now, but think you may want it in the future, consider term life insurance with a conversion

option that will let you change to a whole life policy for a fee.

- If you are in the military, consider Serviceman's Group Life Insurance (SGLI)—a program of low-cost group term life insurance automatically available to all military members. If you decide to purchase additional life insurance outside the SGLI, review the list of exclusions to the policies, and make sure the benefits will be payable even if the death is a result of war, the action of a military force or traveling on a non-commercial aircraft.
- Individuals who sell life insurance at military installations are required to obtain authorization from the Department of Defense, so ask to see the agent's permit or license.

The cost of life insurance is affected by multiple factors. Some are not easily in your control, such as pre-existing or chronic health problems like diabetes, heart disease or cancer. But others are more behavioral in nature and, therefore, within your power, such as...

- Poor health habits—smoking and excessive drinking.
- Your driving record, in terms of accidents, Driving While Intoxicated citations, tickets and claims. The better your driving record, the better the rates you'll receive for life insurance.
- Engaging in high-risk hobbies, such as skydiving or rock climbing.

The insurance business is about assessing risk. If you participate in high-risk activities or exhibit high-risk behaviors, insurers will treat you as a high-risk customer. They may charge you higher premiums or deny you coverage.

What is your Insure U IQ?

Visit the Web site at www.insureUonline.org and try the Life 101 Young Singles Quiz.